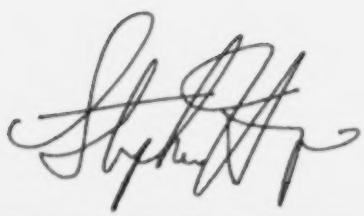
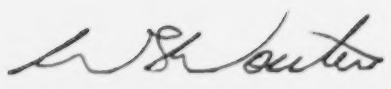
Privy Council Office

2011–12

Departmental Performance Report



The Right Honourable Stephen Harper
Prime Minister of Canada



Wayne G. Wouters
Clerk of the Privy Council and
Secretary to the Cabinet

Table of Contents

Prime Minister's Message 1

Section I: Organizational Overview 3

- Raison d'être 3
- Responsibilities 3
- Strategic Outcome and Program Activity Architecture 5
- Organizational Priorities 5
- Risk Analysis 7
- Summary of Performance 9
- Expenditure Profile 11
- Estimates by Vote 12

Section II: Analysis of Program Activities by Strategic Outcome 13

- Strategic Outcome 13
- Program Activity 1.1: Prime Minister and portfolio ministers' support and advice 13
- Performance Summary and Analysis of Program Activity 15
- Lessons Learned 24
- Program Activity 1.2: Cabinet and Cabinet committees' advice and support 26
- Performance Summary and Analysis of Program Activity 27
- Lessons Learned 31
- Program Activity 1.3: Public service leadership and direction 33
- Performance Summary and Analysis of Program Activity 35
- Lessons Learned 39
- Program Activity 1.4: Commissions of inquiry 40
- Performance Summary and Analysis of Program Activity 41
- Lessons Learned 41
- Program Activity 1.5: Internal services 42
- Performance Summary and Analysis of Program Activity 42
- Lessons Learned 47
- Changes to Government Structure 50
- Economic Action Plan Initiatives 50

Section III: Supplementary Information 52

Financial Highlights 52
Financial Highlights—Charts and Graphs 52
Financial Statements 57
List of Supplementary Information Tables 58

Section IV: Other Items of Interest 59
Organizational Contact Information 59
Additional Information 59

Endnotes 60

Prime Minister's Message

In 2011–12, the global economy was emerging from one of the most significant downturns since the Great Depression. Thanks to the fundamental strength of Canada's financial system, as well as the timely stimulus provided through Canada's Economic Action Plan, Canada's fiscal situation remains among the strongest in the industrialized world.

In the general election of May 2, 2011, Canadians gave the Government a renewed mandate to take action on priority issues, with a majority of seats in the House of Commons. The Privy Council Office supported the Government with advice to launch its new mandate and assisted the Government in articulating its priorities through the June 3, 2011, Speech from the Throne and 2011 federal budget.

Throughout the year, the key focus of the Government was on securing Canada's economic recovery, by taking decisive action through implementation of the Next Phase of Canada's Economic Action Plan—A Low-Tax Plan for Jobs and Growth. The Privy Council Office supported the Cabinet decision-making process to ensure successful parliamentary approval and implementation of Budget 2011 by effectively providing specialized advice, and supporting whole-of-government coordination and consultation.

The Privy Council Office also supported the Government in taking the decisions needed to implement its broader agenda, as set out in the 2011 Speech from the Throne. In particular, the Privy Council Office supported the Government in launching initiatives to generate jobs and growth, begin eliminating the deficit, support hard-working families, protect the personal safety of Canadian citizens, defend against threats to our national security, and promote Canadian values on the world stage.

The Government continues to recognize the importance of the Public Service of Canada as a critical national institution and remains committed to its renewal. The Government is committed to ensuring that the Public Service is prepared to respond to efforts to reduce the federal deficit over the medium term, as well as respond to future challenges. In support of this goal, in 2011–12 the Privy Council Office continued to lead

efforts to drive renewal across government, helping to ensure that our Public Service remains high performing, collaborative, and adaptable, and that it maintains its focus on accountability, stewardship and serving Canadians with excellence.

I am pleased to present the 2011–12 Departmental Performance Report for the Privy Council Office.

The Right Honourable Stephen Harper
Prime Minister of Canada

Section I: Organizational Overview

Raison d'être

The mandate of PCO is to serve Canada and Canadians by providing professional, non-partisan advice and support to the Prime Minister, the ministers within the Prime Minister's portfolio and Cabinet. PCO supports the development of the Government of Canada's policy and legislative agenda; coordinates responses to issues facing the Government and the country; and supports the effective operation of Cabinet. As Head of the Public Service of Canada, the Clerk of the Privy Council sets strategic direction and oversees all major issues for the Public Service.

Responsibilities

PCO provides impartial advice and support to the Prime Minister, portfolio ministers and Cabinet. Headed by the Clerk of the Privy Council and Secretary to the Cabinet, the department functions as the Cabinet's secretariat, as the Prime Minister's source of public service advice on almost all policy questions and operational issues facing the Government, and as the source of public service advice and support for portfolio ministers. PCO has three main roles:

Advice to the Prime Minister – PCO brings together quality, objective policy advice, analysis and information to support the Prime Minister, the ministers within the Prime Minister's portfolio and Cabinet.

This includes:

- Bringing together non-partisan advice, analysis and information from across the Public Service
- Consulting and collaborating with international and domestic partners inside and outside of government (including provincial and territorial governments)
- Gathering information on the priorities of Canadians
- Supporting and advising on the development and implementation of the Government's parliamentary and legislative programs and democratic reform agenda
- Advising on Canada's Westminster style of government, on government structure and organization, and on Governor-in-Council appointments

Secretariat to Cabinet – PCO facilitates the smooth, efficient and effective functioning of Cabinet and the Government of Canada on a day-to-day basis.

This includes:

- Managing the Cabinet's decision-making system
- Coordinating departmental policy and legislative proposals to Cabinet, with supporting policy analysis
- Scheduling and providing support services for meetings of Cabinet and Cabinet committees
- Advancing the Government's agenda across federal departments and agencies and with external stakeholders
- Advising on Governor-in-Council appointments, including directing and coordinating selection and recruitment processes for leadership and full-time Governor-in-Council positions across the public sector and supporting Cabinet in decision making related to Governor-in-Council appointments
- Preparing Orders in Council and other statutory instruments to give effect to Government decisions
- Providing administrative services to the Prime Minister's Office, PCO ministers and commissions of inquiry

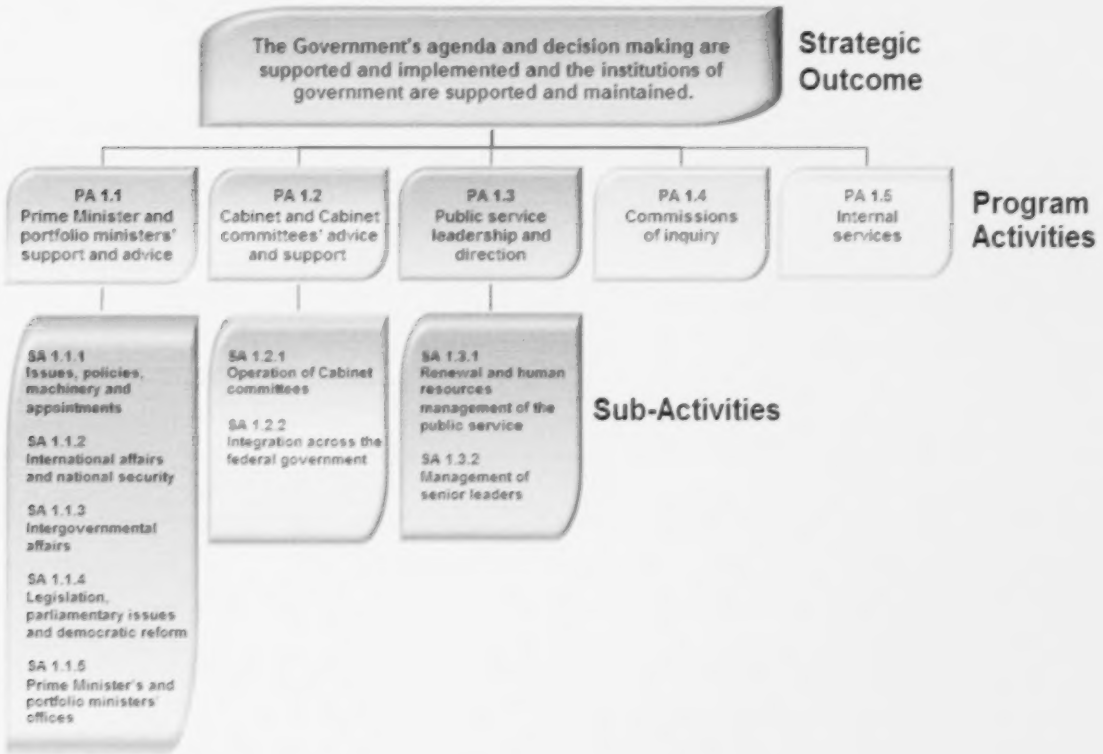
Public Service Leadership – PCO supports the development and maintenance of a high-quality Public Service that meets the highest standards of accountability, transparency and efficiency, one that is able to deliver the best advice to government and excellent services to Canadians.

This includes:

- Managing the recruitment and appointment process for senior positions in federal departments and agencies
- Guiding policy on people management issues and Public Service Renewal
- Building the capacity of the Public Service to meet emerging challenges and the changing responsibilities of government

For more information on PCO's main roles, please visit the department's website.[1]

Strategic Outcome and Program Activity Architecture


The Government's agenda and decision making are supported and implemented and the institutions of government are supported and maintained.
Strategic Outcome
PA 1.1 Prime Minister and portfolio ministers' support and advice
PA 1.2 Cabinet and Cabinet committees' advice and support
PA 1.3 Public service leadership and direction
PA 1.4 Commissions of inquiry
PA 1.5 Internal services
Program Activities
SA 1.1.1 Issues, policies, machinery and appointments
SA 1.1.2 International affairs and national security
SA 1.1.3 Intergovernmental affairs
SA 1.1.4 Legislation, parliamentary issues and democratic reform
SA 1.1.5 Prime Minister's and portfolio ministers' offices
SA 1.2.1 Operation of Cabinet committees
SA 1.2.2 Integration across the federal government
SA 1.3.1 Renewal and human resources management of the public service
SA 1.3.2 Management of senior leaders
Sub-Activities

Organizational Priorities

PCO has four ongoing priorities that closely support the department's single Strategic Outcome: "The Government's agenda and decision making are supported and implemented and the institutions of government are supported and maintained." As illustrated below and as supported by evidence in Section II of this report, PCO met its expected level of performance in support of its organizational priorities in 2011–12.

Summary of Progress against Priorities

Priority	Type[2]	Program Activity
Support the Prime Minister in exercising his overall leadership responsibility.	Ongoing	1.1: Prime Minister and portfolio ministers' support and advice
• Provided timely advice and support to the Prime Minister in taking steps to sustain Canada's		

economic recovery in a period of budgetary restraint.

- Supported the Prime Minister and portfolio ministers in delivering on domestic priorities, with a view to promoting sustained economic growth, working collaboratively with provinces and territories and managing emerging challenges as they arose.
- Provided timely advice and support to the Prime Minister and portfolio ministers on a range of national security and international issues, including advancing Canada's trade interests and addressing major developments in international affairs.
- Provided support and advice to the Prime Minister and portfolio ministers with regard to their portfolio responsibilities and the management and achievement of the legislative agenda.
- Provided advice to the Prime Minister on a range of issues in support of the exercise of his prerogative for the machinery of government, including advice and support on establishing the Ministry following the May 2011 federal election.
- Provided advice and operational support to portfolio ministers on the establishment and implementation of government policies and the opening of Parliament following the 2011 federal election.

Priority	Type	Program Activity
Focus on key policy and legislative areas and strengthen medium-term policy planning.	Ongoing	1.1: Prime Minister and portfolio ministers' support and advice 1.2: Cabinet and Cabinet committees' advice and support

- Provided timely advice and support to the Prime Minister, portfolio ministers, Cabinet and Cabinet committees in developing policy, program and legislative initiatives to sustain Canada's economic and social development in a period of fiscal restraint.
- Supported the Prime Minister, portfolio ministers, Cabinet and Cabinet committees in delivering on plans to provide the conditions for economic growth and to further benefits to Canadian families and communities.
- Provided support and advice to the Prime Minister, portfolio ministers, Cabinet and Cabinet committees on a range of national security, foreign policy and intergovernmental issues, including advancing Canada's trade interests and addressing major developments in international affairs.
- Provided support and advice to the Prime Minister, portfolio ministers, Cabinet and Cabinet committees in the management and achievement of the legislative agenda.
- Provided advice and support to the Prime Minister, portfolio ministers, Cabinet and Cabinet committees on parliamentary and legislative initiatives which are required to implement government decisions.

Priority	Type	Program Activity
Support management and accountability of government.	Ongoing	1.3: Public service leadership and direction

- Promoted excellence across the Public Service of Canada by providing advice and support to the committees and processes that drive the Public Service Renewal agenda, and by strengthening the level of accountability and leadership capacity of senior leaders in the Public Service.
- Promoted excellence by supporting the ongoing efforts of the Administrative Services Review, which enables the Government of Canada to improve services to Canadians and realize efficiencies by examining government-wide solutions that standardize, consolidate and re-engineer the way it does business.

Priority	Type	Program Activity
Strengthen PCO's internal management practices.	Ongoing	1.5: Internal services

- Advanced efforts to achieve greater efficiency and effectiveness at PCO by: enhancing its human resources systems and practices to facilitate staffing and skills development; embedding values and ethics in the department's policies and daily work; enhancing information management systems and practices to ensure the proper capture and retrieval of electronic records; strengthening internal practices for financial and expenditure management; and improving coordination and effectiveness in the use of security and emergency management resources.

Risk Analysis

PCO has a broad mandate and a range of responsibilities that spans the spectrum of the Government's priorities and policy agenda. As a result, PCO's operating context and priorities often change due to the direction set by the Government. For example, in 2011–12, the Government shifted its focus away from direct economic stimulus and moved toward sustainable actions that create the right conditions for long-term economic prosperity. This shift in direction, along with other priorities established in the Speech from the Throne (June 3, 2011) and Budget 2011 (June 6, 2011), in large part determined the focus of PCO's priorities over the course of the year.

Risks to Policy Responses

One of PCO's core responsibilities is to support the Government in the development and implementation of its policy and legislative agenda, as well as to respond to emerging policy issues. As with any policy or legislative initiative, particularly those of national scope and requiring the close collaboration of key stakeholders, there are potential risks to successful implementation.

In 2011–12, PCO actively managed the risks of policy development and implementation by coordinating and prioritizing policy development efforts across the larger federal policy communities. This included communicating policy priorities and vetting policy proposals to ensure that new policy initiatives were complementary, as well as ensuring that the quality and level of analysis of policy proposals met the highest possible standards. PCO coordinated trend monitoring and analysis work across the federal policy, intelligence and media monitoring communities, to support the development of short- and medium-term policy agendas. In addition, PCO worked with domestic and international partners to proactively monitor trends and analyze intelligence on emerging security issues, in order to inform appropriate and timely government responses.

Risks to Continuity of Operations

Given the variability and complexity of PCO's operating environment, the department must be vigilant against the risks of having insufficient capacity to address emerging issues, emergencies or crisis situations. In 2011–12, PCO mitigated this risk by strengthening business continuity and emergency management capabilities, so that PCO would be better prepared to resume its critical functions in the event of emergencies.

Risks to Internal Services

In 2011–12, PCO also worked to address potential internal services risks that are common to most other federal government departments. These risks include:

- **Staffing and Retention** – The 2011–12 Report on Plans and Priorities indicated that the ability to staff and retain talent in certain areas of the department might be at risk over the course of the year, but this risk did not materialize. This is in line with the results of the 2011 Public Service Employee Survey, which indicated that PCO continues to be a workplace of choice within the federal government. In fact, 82% of PCO employees indicated that they were satisfied with the work they do.

- **Workload Pressures** – In 2011–12, the risk of workload pressures affecting the performance of PCO employees continued to be high. PCO mitigated this risk by focusing its efforts on priority initiatives and by implementing strategies to support healthy work environments, encourage a balance between work and home life, support employee career development and recognize outstanding achievements.

- **Information Technology** – As with other departments, PCO addressed the risks associated with transferring its information technology infrastructure (i.e., data centres, networks and email) and personnel to Shared Services Canada (SSC). PCO mitigated these risks through close cooperation with SSC before and during the transfer, maintaining open communication with SSC throughout the process, and establishing a Business Continuity Framework to ensure clear delegation of authorities throughout the transfer. PCO also ensured that appropriate service levels were targeted, in particular around PCO's requirements for classified data communication.

Summary of Performance

2011–12 Financial Resources (thousands of dollars)

Planned Spending	Total Authorities*	Actual Spending*
140,688	167,961	155,430
* Excludes amount deemed appropriated to Shared Services Canada.		

2011–12 Human Resources (full-time equivalents [FTEs])

Planned	Actual	Difference
1,020	1,025	5

Please refer to Annex I for performance summary details and an explanation of variance.

Summary of Performance Tables

Progress Toward Strategic Outcome

Strategic Outcome: The Government's agenda and decision making are supported and implemented and the institutions of government are supported and maintained.		
Performance Indicators	**Targets**	**2011–12 Performance**
PCO relies on information from individual program activity indicators to determine success in achieving its strategic outcome.	See Program Activity Performance Summary tables in Section II.	As demonstrated in Section II of this report, PCO met its expected level of performance in support of its organizational priorities in 2011–12.

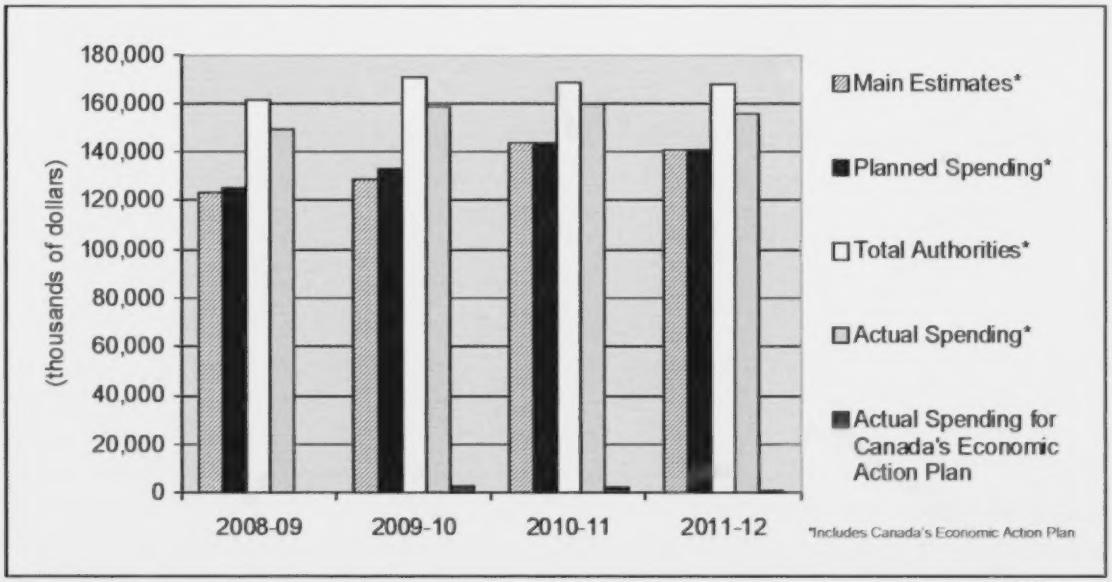
Performance Summary, Excluding Internal Services

Program Activity	2010–11 Actual Spending (thousands of dollars)	2011–12 (thousands of dollars)				Alignment to Government of Canada Outcome
		Main Estimates	Planned Spending	Total Authorities*	Actual Spending*	
1.1 Prime Minister and portfolio ministers' support and advice	69,598	68,493	68,493	75,948	70,757	Strong and independent democratic institutions
1.2 Cabinet and Cabinet committees' advice and support	17,387	17,478	17,478	20,403	18,900	Strong and independent democratic institutions
1.3 Public service leadership and direction	3,968	3,672	3,672	4,800	4,579	Well-managed and efficient government operations
1.4 Commissions of inquiry	13,242	762	762	12,878	11,219	A transparent, accountable, and responsive federal government
Total	104,195	90,405	90,405	114,029	105,455	
* Excludes amount deemed appropriated to Shared Services Canada.						

Performance Summary for Internal Services

Program Activity	2010–11 Actual Spending (thousands of dollars)	2011–12 (thousands of dollars)			
		Main Estimates	Planned Spending	Total Authorities*	Actual Spending*
1.5 Internal Services	55,736	50,283	50,283	53,932	49,975
* Excludes amount deemed appropriated to Shared Services Canada.					

Expenditure Profile



Overall, spending by PCO decreased in 2011–12 when compared to the department's trend of increased spending over the past few years. Reasons for the increased spending from 2008–09 to 2010–11 include:

- Measures taken to address operating requirements and to reduce various chronic funding pressures within the department;
- Enhancements to PCO's security, in order to focus on the highest priority elements directly related to the protection of PCO's personnel, information and assets;
- The implementation and coordination of a government-wide communications strategy for Canada's Economic Action Plan (EAP);
- The creation of a Panel of Arbiters to assist the work of the Ad Hoc Committee of Parliamentarians responsible for reviewing documents related to the transfer of Afghan detainees by the Canadian Forces; and
- The payment of severance pay, other salary-related items such as parental leave and contributions to employee benefit plans.

The department's overall spending increase from 2008–09 to 2010–11 was partially offset by a decrease in actual spending under Program Activity 1.4: Commissions of inquiry. This was as a result of three commissions completing their operations in early 2010–11, leaving only one commission operational for the entire fiscal year.

In 2011–12, PCO's overall spending decreased as a result of several factors affecting the department. Some of the reasons for the decreased spending were:

- The staged transfer of information technology resources (PCO's email systems, data centre and network services) to the Government of Canada's new agency, Shared Services Canada, starting in November 2011;
- A decrease in spending identified in the day-to-day operations of the Prime Minister's Office and the offices of portfolio ministers;
- Only one commission of inquiry was operational in 2011–12;
- The sunsetting of the Afghanistan Task Force at the end of 2011–12;
- Delays in information technology and accommodation projects;
- The completion of the mandate of the Panel of Arbiters in early 2011–12; and
- A decrease in PCO's overall advisory and support roles to the Government for EAP coordination, with the focus of work in 2011–12 remaining primarily on coordinating EAP communications.

The department's overall spending decrease in 2011–12 was partially offset by:

- An increase in spending related to the payment of severance pay requested by employees on a voluntary basis following the ratification of specific collective agreements and for other salary-related items such as parental leave; and
- The operation of the Office of the Special Advisor on Human Smuggling and Illegal Migration.

For more details on Planned Spending and Total Authorities, please refer to the Performance Summary Details in Annex I of this report.

Estimates by Vote

For information on the Privy Council Office's organizational Votes and/or statutory expenditures, please see the Public Accounts of Canada 2012 (Volume II). An electronic version of the Public Accounts 2012 is available on the Public Works and Government Services Canada website.[3]

Section II: Analysis of Program Activities by Strategic Outcome

Strategic Outcome

The Government's agenda and decision making are supported and implemented and the institutions of government are supported and maintained.

Program Activity 1.1: Prime Minister and portfolio ministers' support and advice

Program Activity Description

The Privy Council Office (PCO) provides support and advice to the Prime Minister and portfolio ministers on the full range of issues and policies, including: foreign affairs; national security; defence; the economy; intergovernmental relations; the environment; appointments; constitutional responsibilities; the structure of government; machinery changes; legal counsel; and social, economic and regional development. As part of these activities, PCO analysts consult with other government departments; analyze publicly available and classified information; consult with provinces, territories and leading subject-matter experts; and provide policy and communications advice.

This program activity also captures the budgets of the Prime Minister's Office and the offices of portfolio ministers. These efforts ensure that the Prime Minister and portfolio ministers are supported in carrying out their responsibilities to Canadians.

2011–12 Financial Resources (thousands of dollars)

Planned Spending	Total Authorities*	Actual Spending*
68,493	75,948	70,757
Figures include amount for EAP initiatives. * Excludes amount deemed appropriated to Shared Services Canada.		

2011–12 Human Resources (FTEs)

Planned	Actual	Difference
527	512	-15

Please refer to Annex I for performance summary details and an explanation of variance.

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
The Prime Minister and portfolio ministers are able to carry out their respective responsibilities.	The Prime Minister and portfolio ministers are provided with value-added[4] information on which to base decisions.	Targets are not applicable to indicators pertaining to the policy function.	
	• Number of Orders in Council		A total of 1,570 Orders in Council were approved for the period of April 1, 2011, to March 31, 2012.
	• Number of Governor-in-Council appointments		There were 716 Governor-in-Council appointments made in 2011–12.
	• Number of federal-provincial-territorial meetings		PCO supported over 80 bilateral meetings involving the Prime Minister, the Minister of Intergovernmental Affairs or senior PCO officials and their provincial/territorial counterparts, and more than 50 federal/provincial/territorial ministerial and senior officials' meetings in a wide range of public policy sectors.
	Advice to the Prime Minister and the portfolio ministers is provided in a timely manner.		PCO provided timely, in-depth advice and analysis on all priority issues within expected timeframes.
	Advice to the Prime Minister in respect of his prerogative for the machinery of government.		PCO provided advice to the Prime Minister on issues respecting the structure of government, including support on establishing the Ministry after the 2011 election.
	PCO advice enables the Government to achieve its legislative and policy agenda.		PCO provided the Government with value-added advice and support to ensure the successful implementation of its legislative and policy agenda.
	• Number of bills introduced and passed		43 Government Bills were introduced in 2011–12; 18 Bills were passed.

	• Number of Parliamentary Returns managed		1,406 Parliamentary Returns were managed across all government organizations.
	The Prime Minister is provided with support for visits. • Number of visits		PCO planned, coordinated, and implemented the Prime Minister's international engagement agenda. In 2011–12, the Prime Minister participated in 9 incoming bilateral visits and 24 outgoing visits.
	The Prime Minister's Office and the offices of portfolio ministers receive the necessary services and resources in a timely manner.		In 2011–12, these offices received the necessary services and resources in a timely manner.

Performance Summary and Analysis of Program Activity

In keeping with its strategic outcome, after the May 2, 2011, general election, PCO provided advice and support to the Prime Minister and the Government on how to structure and articulate the Government's agenda and legislative plan for its new mandate. This included advice on how best to deliver on the key priorities set out in the Government's commitments and determining which ministries were best positioned to take action in these areas. PCO then supported the Government in setting out its agenda for the first part of the new mandate in the June 3, 2011, Speech from the Throne and Budget 2011.

The 2011 Speech from the Throne set out the Government's priorities across seven major themes: here for jobs and growth; here to eliminate the deficit; here for hard-working families; here to stand on guard for Canada; here for law-abiding Canadians; here for communities and industries; and here for integrity and accountability. In keeping with these themes and the commitment areas identified in the 2011–12 Report on Plans and Priorities (RPP), over the course of this planning period PCO supported the Government in the opening of a new Parliament following the 2011 federal election and in delivering on the priorities identified in the Speech from the Throne and the 2011 Budget.

Supporting the Economic Recovery

Over the course of the year, the focus of the Government was on securing Canada's economic recovery by taking the necessary steps to eliminate the deficit and promote jobs and growth. PCO supported the Prime Minister and portfolio ministers in this area by providing advice on short- and medium-term economic developments and challenges, and advancing discussions on topics such as economic recovery, deficit reduction and bringing closure to stimulus measures.

For example, in 2011–12, PCO:

- Provided updates to the Prime Minister on key economic developments such as economic growth, employment, inflation and financial results, as well as policy advice on a broad range of measures to support the Government's agenda, including assisting entrepreneurs, innovators and research, improving conditions for business investments, investing in training and infrastructure, supporting families and communities, and ensuring sustainable social programs and a secure retirement.
- Provided advice on fiscal management and the expenditure management system. This included the Government's efforts to reduce the deficit, for which proposals were submitted by over 60 government organizations, with savings measures totalling $5.2 billion per year once fully implemented.
- Coordinated wind-down of stimulus measures to focus on a return to fiscal balance.

PCO assisted in monitoring the global economy for signs of uncertainty and the domestic economy for signs of uneven growth, and managed social and economic policy development in the context of a return to balanced budgets. In 2011–12, PCO provided regular updates and advice on the economic situation in Europe, the United States and the rest of the world and identified potential impacts on Canada. PCO's work also ensured that policy proposals from other government departments incorporated these risk factors and that proposed Government actions maintained Canada's fiscal advantage.

Delivering on Domestic Priorities

In 2011–12, PCO advised and supported the Prime Minister and portfolio ministers in delivering on the full range of the domestic priorities outlined in the Speech from the Throne and Budget 2011.

For example, in 2011–12, PCO:

- Provided advice and support to the Prime Minister to ensure the sustainability of Canada's retirement income system in light of changing demographics, and the retirement security of all Canadians, now

and into the future.

- Provided advice and support to the Prime Minister with respect to trade initiatives.
- Provided information and support to the Prime Minister with respect to Aboriginal affairs, including the Crown-First Nations Gathering held in Ottawa in January 2012.
- Provided advice and support to the Government on health care issues.
- Provided advice and support to Citizenship and Immigration Canada (CIC) to reform the immigration system, including the tabling of Bill C-31, *Protecting Canada's Immigration System Act*, which combined refugee reforms and measures to deter human smuggling.
- Provided information and advice to the Prime Minister on the process and timeliness associated with the implementation of Bill C-19, *Ending the Long-gun Registry Act*.
- Provided advice to the Prime Minister leading up to the introduction of the *Enhancing Royal Canadian Mounted Police Accountability Act*.

PCO also provided advice to the Prime Minister to support the advancement of issues pertaining to economic and regional development, as well as the environment.

For example, in 2011–12, PCO:

- Provided advice to the Prime Minister on the foreign investment regime, including liberalizing foreign ownership rules in the telecommunications sector and addressing concerns related to transparency and enforceability of the *Investment Canada Act*.
- Provided advice to the Prime Minister on the shipbuilding procurement to rebuild the Royal Canadian Navy and the Canadian Coast Guard fleets to ensure a process that is fair, transparent, and competitive.
- Provided advice to the Prime Minister on the divestiture of the Canada Deuterium Uranium (CANDU) commercial business line of Atomic Energy Canada Limited to SNC Lavalin Inc.
- Provided advice to the Prime Minister on moving forward with the Government's commitment to supporting clean energy projects of national or regional significance, such as the planned Lower Churchill hydroelectricity projects.

As part of its support for the Government's new mandate, PCO also provided advice to the Prime Minister and the Government on medium-term and emerging policy challenges facing the country. This assisted the Government in its development of the next phase of its agenda, which was ultimately set out in *Jobs, Growth and Long-Term Prosperity: Economic Action Plan 2012*, the March 29, 2012, Budget.

PCO worked to promote effective and efficient intergovernmental relations with provinces and territories. Throughout the year, PCO advised the Prime Minister and the

Minister of Intergovernmental Affairs with respect to intergovernmental relations and the engagement of provinces and territories. In 2011–12, the Prime Minister continued to engage bilaterally with all his provincial and territorial counterparts on a regular basis. The Minister of Intergovernmental Affairs also engaged counterparts in order to advance shared priorities in support of continued prosperity and competitiveness across the country.

For example, in 2011–12, PCO:

- Worked closely with the Department of Finance Canada and other relevant federal departments in supporting the Government to sustain the growth of transfers to provinces and territories in 2014–15 and beyond, while being fiscally responsible. This funding helps ensure that provincial and territorial governments can provide health care, education and other social services for all Canadians.
- Worked closely with the Department of Finance Canada in supporting the Government of Canada to conclude a Memorandum of Agreement regarding the harmonization of the Quebec Sales Tax with the federal Goods and Services Tax.
- Supported and advised the Prime Minister in coordinating efforts with the premiers of Saskatchewan, Manitoba and Quebec to respond to the spring floods, and to the wildfires in northern Alberta in 2011.

PCO advanced strategic communications on a variety of short- and medium-term domestic issues in a complex and rapidly changing policy environment, while continuing to modernize its communications function.

For example, in 2011–12, PCO:

- Provided advice and support on government-wide communications and consultations. In 2011–12, notable communications priorities included:
  - Supporting responsible resource development as part of the jobs and growth agenda;
  - The Perimeter Security and Economic Competitiveness Action Plan and Regulatory Cooperation Council initiatives;
  - The National Shipbuilding Procurement Strategy; and
  - Implementation of Strategic Review, deficit reduction efforts and Budget 2012.
- Continued the development, monitoring and assessment of the Government of Canada's annual advertising plan.
- Initiated, developed and implemented a significant Request for Proposal (RFP) process to identify and establish more effective mechanisms for monitoring and analyzing a broad range of print and electronic media in order to identify and track how government issues and priorities are being portrayed and presented to Canadians.
- Coordinated the review and reduction of over 100 department/agency advertising expenditures.

Analysis suggests a 12% reduction in advertising expenditures was achieved.

- Oversaw the implementation of a bulk, discount-rate purchasing strategy for governmental television advertising.

Governor-in-Council Appointments and Public Service Leadership

PCO conducted fair, open and competency-based Governor-in-Council appointment processes. In 2011–12, the department supported the Prime Minister and Cabinet in decision making related to 716 Governor-in-Council appointments over a 10-month period.[5] PCO's work included leading and coordinating 48 separate selection and recruitment processes. Key appointments included the Auditor General of Canada, the Commissioner of the RCMP, the Public Sector Integrity Commissioner, and the President of the Public Service Commission.

PCO contributed to the development and delivery of responsive, high quality compensation policies and services, by implementing the recommendations of the Advisory Committee on Senior Level Retention and Compensation. This resulted in changes to both compensation and performance management policies, including a new corporate commitment for all Governor-in-Council appointees in support of the Government's deficit reduction priorities. As a result of this change, PCO revised the current Performance Management Program for Governor-in-Council appointees, and worked with the Office of the Chief Human Resources Officer (OCHRO) to provide advice on the alignment of the program with the Executive Performance Management Program. As well, PCO communicated the program changes, compiled extensive assessment information for the 2011–12 performance cycle, sought approvals, prepared and provided feedback and communicated results.

PCO completed implementation of the Government's Budget 2010 commitment to undertake a review of Governor-in-Council positions in order to improve the management of federal agencies, boards and commissions. Implementation of the review's recommendations resulted in the elimination of 245 Governor-in-Council positions, representing 9.1% of the approximately 2,700 positions reviewed.

PCO also contributed to the strong and competent leadership of federal agencies, tribunals, boards and commissions by: advising on a strong appointments system; supporting the Governor in Council through the selection and recruitment of high-calibre candidates; and supporting appointees in understanding their roles and responsibilities,

as well as the ethical and political guidelines and statutory conflict of interest requirements they must follow.

For example, in 2011–12, PCO:

- Supported senior management and the Clerk by providing advice on a strong appointments system and contributing to continued good governance across portfolio departments and the public sector by providing briefing material to the Prime Minister on appointment issues and processes.
- Further to the general election in May 2011, provided one-on-one advice on political activities, in accordance with the Ethical and Political Activity Guidelines for Public Office Holders, to approximately 75 Governor-in-Council appointees, as well as on a broader basis through electronic means (e.g., posting on the Governor-in-Council appointments website, electronic communications with Deputy Ministers and Agency Heads).

Supporting National Security and International Affairs

In addition to addressing the above priorities, PCO provided integrated support and advice to the Prime Minister and portfolio ministers on a range of national security and international issues. To this end, PCO examined the implications of key issues concerning Canadian foreign policy priorities, such as evolving international discussions on cyber security, the Arab Spring, and the challenge posed internationally by violent extremists.

For example, in 2011–12, PCO:

- Continued to provide a coordination role of intelligence and information gathering and facilitated policy discussions of critical security issues such as cyber security and counter-terrorism with the domestic and international communities.
- Provided information and advice to the Prime Minister on threats to national security, in particular on terrorism, cyber security, and perimeter security threats, to ensure situational awareness and support effective issues management.
- Consulted regularly with experts at other departments and agencies, and coordinated a mutually beneficial intelligence and assessment exchange with close Allies.
- Provided policy-neutral, relevant intelligence assessments to inform the government's response to issues. These included various rapidly evolving security crises and democratic developments such as the Arab Spring (specifically in Syria, Libya, Mali, Tunisia, Egypt and the Gulf countries), the economic and financial crisis in the Eurozone, and nuclear proliferation activities by Iran, North Korea, and Pakistan.
- Worked with other government departments to provide the Prime Minister with advice on emerging and ongoing foreign policy, defence and security issues, both domestically and internationally. For

example, PCO advised the Prime Minister throughout Canada's involvement in the North Atlantic Treaty Organization (NATO) mission in Libya (Operation Unified Protector), as well as during the transition of Canada's engagement in Afghanistan.

- Coordinated the development of policy on Afghanistan to provide a whole-of-government perspective, as well as the production of quarterly reports on Canada's engagement in Afghanistan, including the fourteenth and final quarterly report. Having successfully concluded its assigned advisory and support role in 2011–12, the remaining activities of PCO's Afghanistan Task Force were re-integrated into PCO's Foreign and Defence Policy portfolio.
- Worked closely with other government departments and facilitated integration efforts across the federal government to ensure a coordinated approach to trade, foreign policy and security issues.
- Provided advice and support to the Prime Minister and Cabinet regarding the development and announcement of the Perimeter Security and Economic Competitiveness Action Plan in December 2011, and oversaw an integrated approach to implementing the Action Plan's 32 initiatives. These initiatives focus on four key areas: addressing threats at the earliest possible opportunity; facilitating trade, economic growth and jobs; building on successful cross-border law enforcement programs; and enhancing cross-border critical and cyber infrastructure.

PCO, through the work of the Special Advisor on Human Smuggling and Illegal Migration, provided advice and recommendations to the Prime Minister and Cabinet with regard to advancing Canada's approach to prevent further arrivals of human smuggling ventures. For example, in 2011–12, PCO led the development and implementation of a closely coordinated, whole-of-government strategy founded in international cooperation to disrupt smuggling ventures before they depart for Canada.

In 2011–12, PCO ensured the implementation of the Government's national security measures and initiatives. PCO provided advice related to the development and announcement on February 9, 2012, of *Building Resilience Against Terrorism: Canada's Counter-Terrorism Strategy*. The strategy sets out Canada's approach to tackling the global and domestic threat of terrorism, and outlines how the multifaceted activities of government departments and agencies contribute to countering this threat. PCO also supported ministers in amending the *Criminal Code* to strengthen counter-terrorism efforts by listing terrorist organizations and by giving law enforcement officers the tools they need to effectively respond to terrorism and to better address nuclear terrorism.

PCO supported the Prime Minister in his international leadership role, where it pertains to strengthening economic and trade relations between long-standing partners and cultivating closer ties with emerging partners.

For example, in 2011–12, PCO:

- Provided advice to the Prime Minister on opportunities to pursue bilateral trade agreements with emerging market economies. Recent and ongoing initiatives include the launch of trade negotiations with India, and discussions with China on deepening its economic and trade relationship with Canada.
- Worked with Foreign Affairs and International Trade Canada and provided advice to the Prime Minister on the conclusion of a free trade agreement with Honduras, the implementation of the free trade agreement with Colombia, and the modernization of Canada's existing free trade agreement with Chile.
- Provided ongoing advice and support to the Prime Minister on the negotiation of the Comprehensive Economic and Trade Agreement with the European Union.

Such support also assisted the Prime Minister in reiterating Canada's position on key global issues. In 2011–12, PCO worked with other government departments to provide thorough, coordinated advice, analysis and support to the Prime Minister in advance of, and during, his participation in summits and meetings such as the G8, G20, Asia-Pacific Economic Cooperation, NATO and Nuclear Security Summit, as well as the World Economic Forum. PCO also worked closely with other departments and with Canada's diplomatic missions abroad to coordinate advice to the Prime Minister in support of his overseas visits and hosting of foreign counterparts.

PCO continued to provide advice and recommendations to the Prime Minister on Canada's international development policy. For example, PCO facilitated the Prime Minister's participation in the Every Woman Every Child event at the United Nations General Assembly in New York. PCO also facilitated the Prime Minister's announcements at the Commonwealth Heads of Government meeting in Perth, Australia, related to polio eradication and mining in developing countries.

Supporting the Prime Minister's Portfolio Responsibilities

The Prime Minister has a wide range of portfolio responsibilities that must be exercised throughout the course of the year. PCO provides the Prime Minister with support and advice to uphold these responsibilities, as well as in managing the achievement of the Government's legislative agenda.

Throughout the year, PCO advised the Prime Minister on machinery of government matters within his prerogative. This included addressing key considerations in establishing the Ministry after the federal election in May 2011. For example, advice

was provided on ministerial mandates and responsibilities, as well as the structure and operation of Cabinet and its committees. PCO also supported the swearing-in ceremonies for all ministers and parliamentary secretaries.

PCO advised on key areas of legal import, giving early notice of issues, and ensuring compliance with court and statutory deadlines. In particular, PCO provided the Prime Minister with legal advice and support on policy and operational issues pertaining to his responsibilities, as well as coordinated and advised on legal aspects of whole-of-government or high profile initiatives.

Legislation, Parliamentary Issues and Democratic Reform

Throughout the year, PCO supported and provided advice on the development, coordination and implementation of the Government's legislative and democratic reform agendas, to the Prime Minister, the Leader of the Government in the House of Commons, the Leader of the Government in the Senate, and the Minister of State for Democratic Reform. In 2011–12, PCO supported the opening of the new Parliament following the 2011 federal election, and coordinated and supported the legislative process for 43 government bills that were introduced in the year, of which 18 were passed by Parliament. These bills supported the Government's priorities as set out in the Speech from the Throne, including advice and support on the passage of the comprehensive *Safe Streets and Communities Act* (Bill C-10), enacting further measures in the next phase of Canada's Economic Action Plan through the *Keeping Canada's Economy and Jobs Growing Act* (Bill C-13), and passage of the *Marketing Freedom for Grain Farmers Act* (Bill C-18). PCO also supported the process for securing Royal Assent by the Governor General (or Deputy Governors General) for Government bills after their passage in Parliament.

PCO also provided policy, legislative and operational support to the Minister of State (Democratic Reform).

For example, in 2011–12, PCO:

- Provided policy advice to the Prime Minister, the Minister of State (Democratic Reform) and Cabinet on the development and introduction of the *Fair Representation Act* and supported the Minister of State (Democratic Reform) in securing the passage of the bill by Parliament. The bill will improve the representation of the faster-growing provinces of Ontario, British Columbia, and Alberta in the House of Commons by adding 30 new seats at the next election, and was adopted by Parliament in December 2011.

- PCO supported the Prime Minister, the Minister of State (Democratic Reform) and Cabinet in developing legislation to implement a campaign commitment to phase out the quarterly allowances to political parties, which was adopted by Parliament in December 2011.

PCO also provided a broad range of advice and leadership to other government departments on the management of parliamentary and legislative issues, to ensure that the Government's legislative and parliamentary program and decision making were supported and implemented. This included regular briefings provided to deputy ministers on the Government's priorities and on the management of specific issues in Parliament, as well as support to officials in government organizations on parliamentary procedures, committee issues, private members' business and Parliamentary Returns issues.

Furthermore, PCO supported the Government by managing and coordinating responses to Parliamentary Returns across government organizations. In 2011–12, PCO supported the Government with 1,406 Parliamentary Returns, including the tabling of government responses within established parliamentary deadlines.

Supporting Administrative Services Review

PCO also provided advice on and supported areas of government reform of particular interest, such as the Administrative Services Review. Further to Budget 2011, the Review informed the Government on strategies to improve services to Canadians and realize efficiencies by examining government-wide solutions that standardize, consolidate and re-engineer how it does business. In 2011–12, PCO supported the Administrative Services Review by identifying ways to transform how government operates by shifting from fragmented, duplicative and costly customized approaches to integrated whole-of-government management across departments or within clusters of departments.

Lessons Learned

A core component of PCO's strategic objective is to ensure that the Government's agenda and decision making are supported and implemented. This requires PCO to maintain an inherent agility and flexibility in the face of change, since as the Government's agenda changes, so too does the work of the department. On December 7, 2011, the Prime Minister and U.S. President Barack Obama jointly announced the *Action Plan on Perimeter Security and Economic Competitiveness*. The

Action Plan sets out a shared work plan for securing the North American perimeter, while facilitating legitimate trade and travel.

Under the leadership of the Prime Minister, PCO moved quickly to reorganize its internal resources to establish a small expert Border Implementation Team. In establishing the Team, PCO balanced the requirements necessary to implement the Action Plan with the current environment of fiscal restraint. The Team consists of a very modest amount of core PCO resources, but is augmented by staff with specific expertise related to the Action Plan who were loaned by relevant departments and agencies. This represents a prime example of PCO adapting its business processes to keep pace with its ever-changing operating context.

As a central agency, PCO is well placed to coordinate those parts of the Government's agenda that require a whole-of-government response, particularly when extraordinary efforts are required to bring together expertise that cuts across department and agency mandates and relies on seamless interagency cooperation.

An example of this unique role was the success of the Office of the Special Advisor on Human Smuggling and Illegal Migration in overseeing the implementation of Canada's migrant smuggling prevention strategy. The work of the Special Advisor ensured a continued focus by a wide range of departments and agencies on the objective of combating criminal networks that exploit vulnerable people and threaten the integrity of Canada's borders, as well as the safety and security of Canada. The Special Advisor exercised his mandate to coordinate and integrate these efforts, which led to a number of successful prevention efforts.

Program Activity 1.2: Cabinet and Cabinet committees' advice and support

Program Activity Description

This program activity supports the proper functioning of Cabinet and Cabinet committees and facilitates policy integration. As part of this work, PCO consults with departments and agencies, performs a challenge function in the policy development process, prepares briefing materials for the Prime Minister and Cabinet, and distributes agendas and Cabinet documents. PCO also provides support for policy integration by helping to ensure that departmental proposals take into account the full range of issues related to implementation including, for example, issues linked to communications, parliamentary affairs and intergovernmental relations. These coordination and horizontal oversight roles support the proper functioning of Cabinet and Cabinet committees, the integrity of Cabinet decision making and, ultimately, the implementation of the Government's agenda by line departments and agencies.

2011–12 Financial Resources (thousands of dollars)

Planned Spending	Total Authorities*	Actual Spending*
17,478	20,403	18,900
* Excludes amount deemed appropriated to Shared Services Canada.		

2011–12 Human Resources (FTEs)

Planned	Actual	Difference
131	127	-4

Please refer to Annex I for performance summary details and an explanation of variance.

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
The functioning and integrity of Cabinet decision-making processes are maintained.	Cabinet has received value-added information on which to base decisions.	Targets are not applicable to indicators pertaining to the policy function.	PCO supported departments in the preparation of memoranda to Cabinet and ministerial presentations to ensure that Cabinet received value-added information on a number of topics, including: social, economic and regional

			development; intergovernmental affairs; foreign affairs; defence; international development; public safety; national security; and intelligence.
	• Number of full meetings of Cabinet and Cabinet committees		A total of 114 meetings of Cabinet and Cabinet committees were organized in 2011–12.
	Cabinet documents are distributed in a timely manner to ministers.		PCO distributed Cabinet documentation in both official languages in a timely manner, providing Cabinet ministers with sufficient time for briefing and making informed decisions.
	Deputy ministers are regularly informed of the Government's agenda and activities.		
	• Number of deputy minister meetings and sessions		In 2011–12, there were 103 deputy minister meetings, of which 2 were day-long sessions.
	Departments are able to prepare Memoranda to Cabinet and ministerial presentations that propose action to implement the Government's agenda.		PCO provided this support by exercising due diligence, providing a challenge function and providing feedback to departments to ensure the coherence of proposals within the Government's broader management, fiscal and policy agenda, as well as to ensure that departments have undertaken a complete analysis, considered all implications and legal issues, and consulted relevant stakeholders.

Performance Summary and Analysis of Program Activity

As part of its support for the development and articulation of the Government's agenda in the 2011 Speech from the Throne, the Privy Council Office played a key role in integrating advice from across the federal system, drawing on the deliberations of senior officials in preparing the advice presented to the Prime Minister to launch the Government's new mandate.

This work involved PCO identifying those initiatives that required ministerial review and approval through the Cabinet's decision-making processes. Over the course of the year, PCO monitored progress and facilitated informed discussion on these initiatives through Cabinet committees and Cabinet, while at the same time providing advice to the Prime Minister and Cabinet on pacing, sequencing and coordination across departments in order to ensure the smooth and effective delivery of the Government's agenda.

PCO also worked in collaboration with the Treasury Board of Canada Secretariat to refine and implement the Government's approach to expenditure reduction. The department provided leadership and advice on the management of the government-wide exercise to reduce expenditures, which resulted in savings measures totalling an expected $5.2 billion annually once fully implemented. PCO provided a challenge function on this exercise, reviewing each proposal to ensure the government would be able to deliver on its priorities, maintain high-quality policy and program standards, and provide advice on managing the impact on Public Service employment. PCO also provided advice to support Cabinet decisions on these measures.

Delivering on Policy, Program and Legislative Priorities

Throughout the year, PCO helped to advance and coordinate the Government's agenda in part by ensuring that Memoranda to Cabinet and Cabinet agendas focused efforts in priority areas identified in Budget 2011 and the Speech from the Throne. This was achieved by providing a challenge function for the content and overall quality of Memoranda to Cabinet.

For example, in 2011–12, PCO:

- Worked with departments to ensure the development of evidence-based policy proposals, subject to rigorous analysis, proper due diligence, and careful consideration of the broader policy and fiscal implications.
- Supported and worked closely with departments to ensure that Memoranda to Cabinet identified sources of funding, that costing was accurate and detailed, and that options were clearly presented.
- Worked with central agency stakeholders to ensure due consideration of their perspectives in the development of Memoranda to Cabinet, by holding regular assistant deputy minister level meetings between PCO, the Department of Finance Canada and the Treasury Board of Canada Secretariat.
- Worked with line departments to ensure that quality requirements were met for Memoranda to Cabinet, including requirements linked to gender-based analysis. In 2011–12, the Assistant Secretary of Social Development Policy, in the role of PCO Gender-Based Analysis (GBA) Champion, developed and promoted PCO's Policy on GBA. The GBA Champion provided training and

information to support PCO staff, including hosting of a "GBA+ Workshop" delivered by Status of Women Canada.

PCO managed the day-to-day activities that facilitated the work of Cabinet and Cabinet committees. PCO provided policy advice and secretariat support to all Cabinet committees and consistently prepared and distributed briefing materials in both official languages on a timely basis. PCO also supported the Prime Minister and Cabinet in ensuring that the preparation of Memoranda to Cabinet for the tabling of government responses to parliamentary committee reports was undertaken within the deadlines established by the House of Commons and Senate.

PCO also supported the operation of Cabinet and Cabinet committees by contributing to interdepartmental horizontal policy integration. This was achieved throughout the year by providing support and coordination for a variety of deputy minister level forums, which were guided through the leadership of the Coordinating Committee of Deputy Ministers. These forums helped to ensure that deputy ministers had opportunities to discuss key issues and to develop an integrated federal approach to the Government's major policy initiatives.

For example, in 2011–12, PCO:

- Supported the following deputy minister level forums: all meetings between deputy ministers and the Clerk of the Privy Council, to finalize policy advice on specific issues; weekly Deputy Ministers' Breakfasts, which ensure follow-up on the outcomes of Cabinet and Cabinet committee meetings; bi-monthly meetings of the Coordinating Committee of Deputy Ministers, which support senior deputies' discussions of key issues; and Deputy Ministers' Day-long Sessions, which allow the deputy community to discuss management priorities and policy issues.
- Coordinated the work of the following deputy minister policy committees in their analysis of medium-term issues: Economic Trends and Policies; Climate Change, Energy and the Environment; and Social Trends, Policies and Institutions. PCO also directly supported the work of the deputy minister committees on National Security; Intelligence Assessment; Security and Intelligence; Border Management; Core Border Action Plan; Intelligence Collection; and Migrant Smuggling. The work of these committees fed into the advice provided to the Prime Minister to launch the Government's new mandate.

PCO supported Cabinet processes and committees in the management of domestic priorities and issues by advancing broad, government-wide priorities and medium-term

strategic thinking and by providing timely, integrated, accurate, non-partisan advice and support on key domestic files.

For example, in 2011–12, PCO:

- Provided advice and support to Cabinet and Cabinet committees on decision making pertaining to legislative amendments to repeal the requirement to register non-restricted firearms.
- Provided advice and support to Cabinet and Cabinet committees to assist in the expeditious passage of Bill C-10, the *Safe Streets and Communities Act*, which includes provisions aimed at better protecting children from sexual offenders, increased penalties for organized drug crimes and ending conditional sentences for serious crimes.
- Provided advice on the liberalization of the market for wheat and barley, resulting in the introduction of the *Marketing Freedom for Grain Farmers Act* that lays out an orderly transition plan for the Canadian Wheat Board.
- Integrated work across departments to complete the Government's final response to the Report of the Independent Investigator into the 2008 Listeriosis Outbreak, which announces action on all of the Report's recommendations, including development of a new food safety bill.
- Provided advice and support to Cabinet and Cabinet committees on decision making pertaining to re-introduction of the *Copyright Act* bill (Bill C-11), resulting in legislation that modernizes Canada's copyright regime while balancing the rights of creators with those of consumers.

PCO provided advice and support to the Prime Minister, the President of the Treasury Board and the Clerk of the Privy Council on a range of activities related to the use and management of Orders in Council (OIC), regulations and other statutory instruments. In particular, PCO carried out the Clerk's responsibilities under the *Statutory Instruments Act* by ensuring that approved OICs and regulations are registered, included in the consolidated quarterly index, published in the *Canada Gazette* and posted on PCO's OIC website. In addition, PCO, in partnership with Rideau Hall, organized the swearing-in ceremonies for ministers, privy councillors and chief justices.

Supporting National Security and International Affairs

PCO provided support and advice to Cabinet and Cabinet committees on a range of national security and international issues, including advancing Canada's trade interests and addressing major developments in international affairs.

In 2011–12, PCO supported national security and Cabinet by working to establish the new Cabinet Committee on National Security. The committee's mandate is to provide broad strategic direction for security and foreign policy related to Canada's national

interests, and to oversee Canada's national security response activities. PCO facilitated informed discussion of national security and international policy during meetings of this committee and of Cabinet, actively supporting decision making and policy implementation.

For example, in 2011–12, PCO:

- Provided secretariat support for both the Cabinet Committee on National Security and the Cabinet Committee on Foreign Affairs and Defence.
- Provided advice and support to Cabinet on counter-terrorism policy, leading to the adoption of *Building Resistance Against Terrorism: Canada's Counter-Terrorism Strategy*.
- Supported Cabinet by working closely with relevant departments to fully develop policy options and financial analysis associated with the Perimeter Security and Economic Competitiveness Action Plan, announced by Prime Minister Harper and U.S. President Obama in December 2011.
- Provided advice and support on the implementation of the Final Report of the Commission of Inquiry into the Investigation of the Bombing of Air India Flight 182 (Air India Inquiry Action Plan) by reviewing proposals to provide an *ex gratia* payment to the victims' families, as well as to fund research into terrorism through the Kanishka Project, in memory of the victims of Air India Flight 182.

To ensure effective policy integration and coordination of efforts, PCO also facilitated the work of the Deputy Minister Committee on National Security, helping to ensure that deputy ministers had opportunities to discuss key issues and to develop an integrated federal approach to a range of Government initiatives in the areas of national security, foreign policy and defence policy.

PCO supported Cabinet and its committees by coordinating Canada's engagement in Afghanistan, as well as supporting the work of an Ad Hoc Committee of Parliamentarians and of the independent Panel of Arbiters, which was tasked with determining whether and how information relevant to the Canadian-transferred Afghan detainees should be made available to parliamentarians and the public. The Government of Canada tabled the Report of the Panel of Arbiters, including a number of documents selected by the Parliamentary Committee and reviewed by the Panel, in the House of Commons. The work of the Afghanistan Task Force was subsequently re-integrated into PCO's Foreign and Defence Policy portfolio.

Lessons Learned

One of PCO's core roles is to support the proper functioning of Cabinet and Cabinet committees and facilitate policy integration across the federal government. As part of

this role, the department manages the day-to-day activities that facilitate the work of Cabinet and its committees, such as coordinating meeting logistics, document preparation and distribution, as well as agenda development in order to ensure that meetings are conducted in an effective and efficient manner.

In 2011–12, PCO introduced process improvements for Cabinet policy committees to make more efficient use of ministers' time. For instance, processes for the consideration of routine government business were streamlined and committee time was focused on items for decision. Further, PCO worked with departments to bring time-sensitive items to Cabinet in a timely manner to ensure that Cabinet had sufficient time to deliberate. As an example, new timelines for the consideration of Government Responses to Parliamentary Standing Committees were introduced.

Program Activity 1.3: Public service leadership and direction

Program Activity Description

PCO sets strategic direction for the Public Service of Canada and provides advice and support on the management of its senior personnel, with the goal of fostering a high-performing and accountable organization that has the talent, leadership capacity and management frameworks to deliver on the Government's agenda, now and into the future. This responsibility includes providing central direction and coordination to the government-wide Public Service Renewal agenda. Other activities include analysis and management of the challenges facing the leadership cadre, such as changing demographics, succession planning, performance management and leadership development.

2011–12 Financial Resources (thousands of dollars)

Planned Spending	Total Authorities	Actual Spending
3,672	4,800	4,579

2011–12 Human Resources (FTEs)

Planned	Actual	Difference
27	30	3

Please refer to Annex I for performance summary details and an explanation of variance.

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
The Public Service has the talent, capacity and management frameworks to provide advice on and implement the Government's agenda.	The Public Service is engaged in renewal activities.	Targets are not applicable to indicators pertaining to the policy function.	The Public Service is engaged in significant renewal activities as demonstrated through the Deputy Head Renewal Reporting Process and subsequently reported on in the Clerk's Annual Report on the Public Service.
	The Prime Minister and the Clerk are provided with advice and support on		The Prime Minister and Clerk were provided with advice and support on Public Service

	Public Service Renewal.		Renewal from PCO staff, the Prime Minister's Advisory Committee on the Public Service and the Deputy Minister Committee on Public Service Renewal.
	• Number of meetings of the Prime Minister's Advisory Committee on the Public Service		PCO supported 3 meetings of the Prime Minister's Advisory Committee on the Public Service.
	• Number of meetings and sessions of the Deputy Minister Committee on Public Service Renewal and its sub-committees		PCO supported 8 sessions of the Deputy Minister Committee on Public Service Renewal and its sub-committees.
	The Public Service and its leaders are provided with advice and support.		
	• Prime Minister's Advisory Committee on the Public Service's Report		The *Sixth Report of the Prime Minister's Advisory Committee on the Public Service* was released in March 2012.
	• Clerk's Annual Report		The Clerk's *Nineteenth Annual Report to the Prime Minister on the Public Service* was released in May 2012.
	• Number of Clerk and Associate Secretary outreach activities on Public Service Renewal		There were 52 Clerk and Associate Secretary outreach activities on Public Service Renewal.
	The Committee of Senior Officials is provided with advice and support.		
	• Number of Committee of Senior Officials and sub-committee meetings and sessions		PCO provided advice and support for 6 meetings of the Committee of Senior Officials.

Performance Summary and Analysis of Program Activity

During the past fiscal year, PCO promoted excellence across the Public Service of Canada by providing advice and support on Public Service-wide management and renewal issues to the Clerk of the Privy Council and the Associate Secretary to the Cabinet.[6] This included legal and policy advice, as well as support and analysis of system-wide needs, workforce adjustment issues, leadership, performance management and the general management of the Public Service. The advice was also informed by the recommendations made by the *Public Service Modernization Act* Review to achieve people management excellence in the Public Service.

Public Service Renewal

In 2011–12, PCO supported the renewal of the Public Service of Canada by continuing to ensure that the fundamentals for renewal and excellence in public sector management were in place, including strong support for renewal at the departmental level, and appropriate attention to strengthening leadership and keeping the renewal agenda current.

In support of the Clerk's leadership role on Public Service Renewal, PCO led the timely development of the Clerk's *Nineteenth Annual Report to the Prime Minister on the Public Service*, which was released in May 2012. The Clerk reported that the Public Service remains strong because it continues to adapt to an ever-changing context in order to meet the needs of Canadians. Renewal efforts, originally launched in 2006, have resulted in improved business and human resources planning, a dynamic cohort of new public servants, an emphasis on people management and many modernized administrative practices and systems. The Public Service will continue to develop new ways to collaborate, further streamline its services and systems and increase its flexibility to adapt to rapidly changing demands. The key characteristics that must define the Public Service to help it achieve excellence, now and in the future, are also outlined. In addition to developing the report, PCO successfully led communications activities pertaining to its release, as well as its dissemination to all interested readers.

As a precursor to the development of the Clerk's Annual Report, a Renewal Reporting Process was coordinated by PCO, in which deputy heads from departments and agencies reported to the Clerk on their organization's renewal efforts under three themes: Engaging Employees in the Excellence Agenda, Renewing the Workforce and Renewing the Workplace. PCO collected and analyzed the renewal reports and shared notable renewal initiatives on the Clerk's website and the Government of Canada's GCForums website. The reports and initiatives demonstrate how the Public Service is

responding to technological and cultural changes and how it is adapting and transforming to improve efficiencies and meet citizens' expectations. This exercise not only provided valuable input for the Clerk's Annual Report, but aided PCO in building strong and supportive working relationships with departments.

PCO provided ongoing secretariat and analytical support to the Deputy Minister Committee on Public Service Renewal, which functions as a mechanism to drive the renewal agenda and advise the Clerk on forward-looking priorities. In 2011–12, the Committee met eight times and was successful in revitalizing its mandate to focus simultaneously on addressing current issues concerning the renewal agenda, as well as on developing a future vision for the Public Service.

PCO also provided ongoing secretariat and analytical support to the Prime Minister's Advisory Committee on the Public Service. Composed of eminent Canadians, the Advisory Committee offers a valuable external perspective on how to renew and continuously improve the Public Service. The Advisory Committee met three times throughout the year, with their discussions culminating in the development of its sixth annual report released in March 2012. PCO provided the coordination and analytical support necessary to develop, communicate and disseminate the report to interested stakeholders.

In its Annual Report, the Advisory Committee stated that the process of meeting the Government's deficit reduction goals is more than an obligation to deliver savings—it is also one of the drivers for the transformation of the Public Service. In keeping with this idea, PCO actively participated throughout the year in the efforts of central agencies to prepare the government-wide system for the impact on human resources as a result of the pending deficit reduction measures.

Throughout the year, PCO promoted excellence in the renewal agenda by supporting the Clerk of the Privy Council and the Associate Secretary to the Cabinet in their efforts to improve the impact and scope of outreach, engagement and recognition activities. An outreach strategy was developed for the Clerk and Associate Secretary, resulting in a total of 52 visits to different organizations and Public Service communities of interest, in order to ensure that renewal remained an important objective for the Public Service, particularly during a time of fiscal restraint.

In 2011–12, PCO supported the Clerk in having multilateral discussions with his provincial and territorial counterparts regarding common challenges and opportunities

with respect to public sector management. In the context of increasing pressures on governments to conduct their business more efficiently and effectively, these discussions provided the Clerk and his counterparts with the opportunity to share information and best practices and to provide collective leadership in advancing business transformation and public service renewal across Canadian governments.

Management of Senior Leaders

Over the last year, PCO continued to support the Clerk and the Prime Minister in ensuring they had the necessary senior talent in place to effectively support the Government in achieving its goals. Senior officials were able to mobilize their departments and agencies quickly to identify economies and efficiencies in support of the Government's deficit reduction priorities. This was done successfully and in large part because of the high quality of the senior leadership cadre and its ability to react quickly to deliver on the priorities of the Government while maintaining high service levels for Canadians.

Strengthening Leadership Capacity

In 2011–12, PCO worked to strengthen leadership capacity through a number of effective programs and services designed to develop the leadership skills of the deputy minister community and the senior ranks of the Public Service. For example, PCO successfully administered the one-on-one orientation program for newly named Governor-in-Council appointees. This involved collaboration with the Treasury Board of Canada Secretariat (TBS), the Office of the Chief Human Resources Officer (OCHRO), and the Canada School of Public Service (CSPS). PCO supported orientation sessions for deputy ministers, heads of agencies and assistant deputy ministers at the CSPS, as well as a series of learning events for deputies and associates. All of these programs and services effectively supported the skills development of current and future leaders to better manage change, transform business and deliver results for Canadians.

Public Service Management

In 2011–12, PCO led changes to the way in which the performance of senior leaders was evaluated in order to place a greater emphasis on achieving corporate-wide goals while maintaining an emphasis on individual leadership and results. PCO also supported the Clerk and the Prime Minister through the identification of succession planning needs at the most senior levels. This included the appointment or movement of 16 different deputy minister level senior leaders, as well as the identification and screening of potential external recruitment candidates.

Supporting Talent Management

PCO actively worked to support talent management for the deputy minister community and the senior ranks of the Public Service. For example, the talent management process for individuals at the associate deputy minister level was enhanced through the use of an electronic template and a revised questionnaire which improved the efficiency of the exercise. Refinements were also made, in partnership with OCHRO, to enhance the Assistant Deputy Minister talent management exercise through the use of clustered meetings of similar organizations. Talent management opportunities were also supported through the successful management of the Canada-Australia Exchange Program.

Support for the Committee of Senior Officials

PCO also provided ongoing secretariat and analytical support to the Committee of Senior Officials and its sub-committees, which advised the Clerk on senior appointments and other human resources management priorities and issues, such as peer review of the performance of all deputy ministers and associate deputy ministers.

Administrative Services Review

The Administrative Services Review has been working to transform common government functions by shifting them from fragmented, duplicative, and costly customized approaches, to integrated whole-of-government solutions. This enables the Government of Canada to improve and streamline services, while lowering costs.

Particular achievements by the Administrative Services Review include transformation in the following areas:

- **IT Infrastructure Services** – Establishment of Shared Services Canada to transform the management of email, data centre and network services across government, to make it more secure, reliable and cost effective.
- **Services for Veterans** – Improving access to services for veterans and reservists by leveraging Service Canada's national multi-channel network.
- **Old Age Security** – Guaranteed Income Supplement (OAS-GIS): Modernizing OAS-GIS IT systems and processes to enable a proactive enrolment regime. This will eliminate the need for many seniors to apply for OAS and GIS and will reduce the Government's administrative costs.

Lessons Learned

The introduction of the corporate-wide goals as part of the Performance Management Program for senior leaders placed a greater emphasis on the individual achievement of government-wide objectives while also maintaining a focus on the importance of policy/program, management and leadership results. This was a significant change for the Performance Management Program and was implemented successfully. However, for the next performance cycle and in order to reinforce the enterprise-wide nature of the corporate commitment, an additional emphasis will be placed on measuring the overall achievement of each organization rather than individual contributions.

Program Activity 1.4: Commissions of inquiry

Program Activity Description

PCO provides commissions of inquiry with financial and administrative support. For example, when a commission is created, PCO can initiate arrangements for accommodation, furnishings and equipment. This support helps to ensure that the work of the commission proceeds efficiently. PCO can also provide for ongoing administrative advice and support in the following areas: staffing, acquisition services, contracting, financial services, accessing funding, records management, payroll support, posting information on websites on the Internet, translation, legal services, security and systems support.

2011–12 Financial Resources (thousands of dollars)

Planned Spending	Total Authorities	Actual Spending
762	12,878	11,219

2011–12 Human Resources (FTEs)

Planned	Actual	Difference
3	15	12

Please refer to Annex I for performance summary details and an explanation of variance.

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
Commissions of inquiry receive required resources as well as advice and guidance on financial and administrative matters.	Commissions of inquiry have received appropriate resources, as well as the necessary services, advice and guidance in a timely manner.	No targets have been established for this activity.	In 2011–12, PCO supported one commission of inquiry, providing resources, services, administrative advice and guidance in a timely manner.

Performance Summary and Analysis of Program Activity

Commissions of inquiry are established by the Governor in Council to fully and impartially investigate issues of critical or national importance. Commissions are relatively small organizations, which are considered government departments for the purposes of the *Financial Administration Act* (FAA), but operate at arm's length from the Government. The Prime Minister is often given responsibility for commissions for the purposes of the FAA, which enables PCO to assist in their establishment and provide them with ongoing administrative support.

In 2011–12, the planned spending and human resources identified for this Program Activity covered the forecast cost for the full operation of the following commission of inquiry:

- Commission of Inquiry into the Decline of Sockeye Salmon in the Fraser River (http://www.cohencommission.ca)

In March 2012, the Commission of Inquiry into the Decline of Sockeye Salmon in the Fraser River was granted an extension by the Governor in Council to complete its work. The commission's terms of reference were subsequently revised to call for the final report to be submitted on or before September 30, 2012. As a result, a portion of the 2011–12 surplus funds of the commission were re-profiled to 2012–13 in order to ensure it had sufficient operating resources and administrative support.

Lessons Learned

As commissions of inquiry are established to address issues of critical or national importance, the issues they address are often contentious and it is not possible to predict how they will proceed, or the nature of their findings, until the final reports are tabled. Periodically, commissions require additional time and resources to complete their work, and PCO must be flexible and responsive to their needs in order to ensure they have the funding and administrative support necessary to fulfill their mandate. In 2011–12, PCO was successful in supporting the evolving needs of the Commission of Inquiry into the Decline of Sockeye Salmon in the Fraser River, because of sound financial and administrative planning and by maintaining open communication with the commission regarding its administrative requirements.

Program Activity 1.5: Internal services

Program Activity Description

PCO administers internal services in support of program activities and other corporate obligations. Internal services include: management and oversight services; legal services; human resources management services; financial management services; information management services; information technology services; real property services; materiel services; acquisition services; corporate security; and travel and other administrative services.

2011–12 Financial Resources (thousands of dollars)

Planned Spending	Total Authorities*	Actual Spending*
50,283	53,932	49,975
Figures include amount for EAP initiatives. * Excludes amount deemed appropriated to Shared Services Canada.		

2011–12 Human Resources (FTEs)

Planned	Actual	Difference
332	341	9

Please refer to Annex I for performance summary details and an explanation of variance.

Program Activity Performance Summary

Expected Results	Performance Indicators	Targets	Actual Results
N/A	N/A	N/A	N/A

Performance Summary and Analysis of Program Activity

Throughout the year, PCO worked to achieve greater efficiency and effectiveness in its internal services, in order to ensure the continuous improvement of its critical support functions. PCO continuously strives to maintain an excellence-based performance culture, in particular through building a skilled and engaged workforce, developing and enhancing the skills and tools required to support high quality decision making, and

supporting best practices in staff engagement, learning opportunities and knowledge development.

Human Resources

In 2011–12, PCO was successful in further advancing the commitments made in the department's 2010–13 Strategic Human Resources Plan.

PCO enhanced its human resources system by successfully implementing a Fast Lane Staffing approach in the Corporate Services Branch in order to quickly fill critical vacant positions. Work also began on the Common Human Resources Business Process (CHRBP) for staffing and planning, which will strengthen internal management practices and identify ways to streamline and harmonize both processes. It is expected that the CHRBP will be implemented in the 2012–13 fiscal year.

Throughout the year, PCO offered numerous training opportunities to enhance the skills of its staff and support career development. A Learning Passport was offered to all employees, allowing them the freedom and flexibility to participate in a variety of training events and courses. PCO's In-House Training Program offered 17 topics during the 2011–12 fiscal year, with a total of 200 employees taking advantage of the courses.

In 2011–12, PCO instituted the requirement for specialized training plans for employees receiving second language instruction, so that students and instructors have both goals and a timeline with which to measure progress. The Language Twinning Program at PCO continues to be successful and a recent partnership with Canada Economic Development has provided a larger pool of candidates for pairing with PCO employees.

PCO strives to remain a workplace of choice for its employees. To that end, the department offered support and services throughout the year to address workload management, prevent harassment of its employees and enhance cross-cultural awareness. A Workload Management Toolkit was developed and posted on the department's intranet site for easy access by all employees and managers. PCO's In-House Training Program also offered courses on harassment prevention and cultural awareness throughout the year. The Associate Secretary to the Cabinet has also taken on the responsibility of Senior Officer (Disclosure) and guidelines and procedures were being developed in 2011–12 to better inform employees of her role and the provisions of the *Public Service Disclosure Protection Act*.

PCO's Employment Equity and Diversity Advisory Committee (EEDAC), along with the Human Resources Division, worked to ensure that employment equity and diversity principles are respected by establishing a process for consultation and collaboration within PCO for employer and employee representatives. Under the leadership of its Champion, EEDAC was successful in doubling its size through a membership campaign and it was formally consulted in a variety of departmental initiatives, such as the development of the PCO Code on Values and Ethics and PCO's Harassment Policy.

In 2011–12, PCO engaged in proactive human resources planning strategies, including the development of annual staffing plans. The strengths, suitability for current position, potential future roles and required development of PCO's executive (EX) employees are incorporated into a succession plan, which is reviewed by the PCO Human Resources Advisory Committee or the PCO Executive Committee during the Talent Management process. Succession plans also focused on the department's key areas of risk, where a vacancy would be most disruptive. As well, the PCO Executive Committee implemented another round of the Performance Management Exercise whereby the annual performance of each PCO executive is evaluated against commitments and feedback provided.

PCO did not proceed with plans to seek advance security clearance for top candidates in pools as mentioned in the 2011–12 RPP, due to the time and cost involved in the process.

Values and Ethics

PCO worked diligently to promote awareness of the values of the Public Service, as well as the underlying commitment to Public Service excellence. Values and ethics were supported through regular and ongoing messages from the Values and Ethics Champion, as well as through facilitated dialogue sessions with staff and managers. In 2011–12, a total of 8 facilitated dialogue sessions were held, involving a total of approximately 190 employees.

In 2011–12, PCO also worked to finalize its own Code on Values and Ethics. A new intranet site was launched in February 2012, in order to showcase the Code and to provide employees with more resources and information to help them gain a better understanding of values and ethics in general and within the PCO context. The Manager's Toolkit on Values and Ethics was also redesigned to assist with facilitating dialogue sessions with employees.

To continue to build a values-driven approach, values and ethics are being inserted into departmental policies, procedures and practices through regular review and development, as these instruments are brought up to date.

Information Technology Systems

In the 2011–12 RPP, PCO indicated that it would make upgrades to its information technology systems during that fiscal year. An IT Strategic Investment Plan was in place to guide the department's efforts, but many of the major investment decisions were put on hold due to the announcement of the creation of Shared Services Canada on August 4, 2011. Following the announcement, PCO refocused its efforts to ensure the smooth operation of existing IT systems and to support the department's transfer of IT resources to Shared Services Canada. The agreement to transfer IT infrastructure (i.e., email services, servers and data centres) and personnel from PCO to Shared Services Canada was established in November 2011.

Information Management

In 2011–12, PCO launched its Recordkeeping Transformation Strategy in order to enhance information management in all areas of the department and comply with the Government of Canada's Directive on Recordkeeping. The strategy entails the renewal of PCO's information management policy and governance framework, professional development for information management specialists, implementation of methods and standards for the identification, organization and description of information resources of business value (IRBVs), and the adoption of tools and methodologies to ensure the proper management of electronic records within official recordkeeping repositories. Beginning with an initial pilot study, the Strategy began by mapping priority business processes in order to identify IRBVs, so that they can be systematically captured in official repositories. PCO's Recordkeeping Transformation Strategy will be ongoing until fiscal year 2014–15.

Financial and Expenditure Management

Throughout the year, PCO achieved greater efficiency and effectiveness through a number of initiatives aimed at further strengthening internal practices for financial and expenditure management.

For example, in 2011–12, PCO:

- Reviewed seven key business processes, including the controls in place throughout each process to ensure operational effectiveness.

- Strengthened controls related to approval under section 32 of the *Financial Administration Act* (FAA).
- Developed a Management Control Framework providing senior management with a repository of the main financial and expenditure management controls in place in the department.
- Updated PCO's Delegation of Financial Authorities Chart.
- Implemented a new system to partially automate the production of Year-End Financial Statements and Quarterly Financial Reports.
- Implemented a new system to improve the management of PCO's proactive disclosure of information related to travel and hospitality.

PCO continued to support performance measurement in order to promote continuous improvement of departmental business processes. In 2011–12, work was done to explore options to enhance the department's Performance Measurement Framework. Work to improve performance measurement is ongoing and will continue through fiscal year 2012–13.

Access to Information

In 2011–12, PCO strengthened the internal management practices of its Access to Information program by emulating, where appropriate, the best practices of other government departments in managing the access process, particularly in the areas of time extensions and consultations. The department undertook testing and validation of an updated version of its case management technology, which was done to satisfy the requirement for expanded statistical reports introduced by the Treasury Board of Canada Secretariat in April 2011. The department continued to conduct access to information training and awareness sessions with key PCO secretariats to promote compliance with legislation and optimize internal working relations. PCO completed 99.8% of access requests on time in 2011–12, consistent with the department's leadership role in accountability, transparency and efficiency.

Legal Services and Cabinet Confidences

PCO managed the Government's response to legal issues that involve the department or have government-wide implications. PCO is also the custodian of Cabinet Confidences, and provided legal advice related to them throughout the year.

For example, in 2011–12, PCO:

- Advised on protection of Cabinet confidences under section 39 of the *Canada Evidence Act*. As part of this work, PCO reviewed 10,401 pages of documents throughout the year.
- PCO also provided litigation support to the Department of Justice and agents of the Attorney General

in cases where claims of Cabinet confidentiality are subject to court challenges. The office advised on the *Access to Information Act* and the *Privacy Act* provisions which apply to Cabinet confidences. As part of that function, in 2011–12, the office reviewed 16,975 documents containing 186,822 pages.

Security and Emergency Management

In 2011–12, a Departmental Security and Emergency Management Plan (DSEMP) was developed to improve coordination, cohesion and effectiveness in the use of security and emergency management resources. The DSEMP is an integrated operational plan that provides security practitioners with the means to monitor and improve PCO's security and emergency management posture, to protect employees, information and assets, and to enable continuity of PCO operations.

PCO also worked to enhance its readiness response levels for emergency and threat situations by re-establishing the Departmental Security Officer Readiness Committee, updating all "Level I" Business Continuity Plans (for disruptions resulting in minor impacts on the department) and training PCO personnel for building evacuations and emergency situations.

In addition, a Threat, Vulnerability and Risk Assessment (TVRA) was conducted in order to: identify and validate a consolidated list of critical assets and activities as well as the full array of threats, hazards and risks facing PCO and its operations; and provide recommendations to reduce the associated vulnerabilities and risks to the department.

Lessons Learned

Compensation (Pay and Benefits)

In February 2011, PCO completed an internal audit of compensation to assess the adequacy and effectiveness of controls in place for the delivery of pay and benefits services to PCO staff. The audit concluded that pay and benefits were being delivered in compliance with legislative requirements, policies, directives and collective agreements, and that PCO's financial systems were well integrated with the Public Works and Government Services Canada (PWGSC) centralized pay system. However, the audit identified the following: a need for improvement in the departmental framework for managing the compensation function; a need for improvement in certain processing controls; and greater integrity of data in the human resources information system.

Throughout the 2011–12 fiscal year, PCO implemented the management action plan by: planning for the transfer of responsibility for pay files to the newly centralized compensation centre in Miramichi, New Brunswick, which is being coordinated with PWGSC; making significant progress in reviewing, reconciling and updating data in the human resources information system; and better documenting decisions regarding processing controls and best practices and communicating them to compensation staff.

Procurement and Contracting Services

In early 2010, PCO completed an internal audit to assess the adequacy of the controls in place to ensure compliant and effective procurement of goods and services, including advertising and public opinion research, and proactive disclosure of contracts. The audit scope comprised all phases of the procurement process including planning, solicitation activities and contract award, administration and close-out.

The audit concluded that PCO had a good framework of controls over its contracting function, providing reasonable assurance that the department is compliant with applicable procurement authorities. However, the audit identified certain lower risk areas where improvements to the control framework would enhance the effectiveness of the PCO procurement function.

Throughout the 2011–12 fiscal year, PCO implemented the management action plan by: updating the department's Procurement Policy and making it available to all employees; enhancing PCO's Contracting Guide for Managers to provide them with a better understanding of the procurement life cycle; and actively reinforcing the principles of sound contract management in the Policy on Service Contracts and Contracting Guide for Managers through information sessions provided to employees.

Recruitment, Planning and Staffing

In March 2011, PCO completed an internal audit to assess the adequacy and effectiveness of PCO's recruitment planning and staffing framework. The audit concluded that PCO's recruitment planning and staffing activities comply with relevant policies and legislation and are conducted in a manner which is fair and transparent. However, the audit identified the following: a need for improvement in the way advice provided to hiring managers is documented in staffing files; increased monitoring of the use of casual workers; and more standardized tools and practices for use by all staffing managers across PCO.

Throughout the 2011–12 fiscal year, PCO implemented the management action plan by: ensuring that all staffing advice provided by human resources advisers was documented in all staffing files; developing and implementing a tracking system to monitor the contracts for casual workers; and documenting and communicating staffing best practices to all human resources and corporate staffing advisers.

Changes to Government Structure

Impacts on Financial and Human Resources Resulting from the Establishment of Shared Services Canada

2011–12 Financial Resources (thousands of dollars)

	Planned Spending[1]	Total Authorities*
Net transfer post Orders in Council (OIC)** to Shared Services Canada (SSC)	140,688	4,132

* Pursuant to section 31.1 of the *Financial Administration Act* and Orders in Council P.C. 2011-0881, P.C. 2011-0877 and P.C. 2011-1297, this amount was deemed to have been appropriated to SSC, which resulted in a reduction in the appropriation for the Privy Council Office.

** Total authorities, as presented in the "2011–12 Financial Resources" table (and other relevant tables) in the "Summary of Performance" section, is the net of any transfers to SSC. Actual spending does not include expenditures incurred on behalf of SSC as of the OIC date.

2011–12 Human Resources (FTEs)

	Planned[1]	Actual
Deemed to SSC	1,020	12

1: This information represents the departmental Total Planned Spending and Total Planned FTEs as per the 2011–12 Report on Plans and Priorities (RPP). At the time of writing the 2011–12 RPP, the Government of Canada's new agency, SSC, was not yet established. As a result, PCO's Total Planned Spending includes an amount of $7.6 million (funding for the entire fiscal year) which belongs to SSC. This amount was transferred permanently to SSC through the 2012–13 Main Estimates. The Total Authorities of $4.1 million shown in this table represent the authorities transferred from PCO to SSC for the period of November 15, 2011, to March 31, 2012.

Economic Action Plan Initiatives

Program Activity 1.1: Prime Minister and portfolio ministers' support and advice

2011–12 Financial Resources (thousands of dollars)			2011–12 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
0	746	879	0	7	7

Program Activity 1.5: Internal services

2011–12 Financial Resources (thousands of dollars)			2011–12 Human Resources (FTEs)		
Planned Spending	Total Authorities	Actual Spending	Planned	Actual	Difference
0	393	89	0	1	1

Between fiscal years 2009–10 and 2011–12, PCO contributed to Canada's Economic Action Plan (EAP) by providing advice and support to the Government, and by playing a central role in the coordination and management of government communications for the EAP, as determined by the Prime Minister and Cabinet.

In December 2010, the Prime Minister announced that the EAP deadline for four large infrastructure funding programs would be extended until October 31, 2011. As a result, in 2011–12, an amount of $1.0 million was carried forward from the previous fiscal year's EAP surplus in order to enable PCO to continue to coordinate EAP communications.

PCO continued with ongoing activities related to the implementation and coordination of a government-wide communications strategy for the EAP, which included:

- The development, implementation, coordination and monitoring of communications activities for EAP;
- Ongoing updates to initiatives to ensure Canadians have access to current information on EAP benefits and programs;
- Advice, coordination and support related to the development, implementation and evaluation of EAP advertising campaigns;
- The design, development and daily maintenance of the EAP website, including the interactive project map and social media communications tools and activities;
- The development of an overarching brand, including the distribution of guidelines to assist departments in using the brand;
- Ongoing implementation of EAP project signage; and
- The review and coordination of public opinion research on the views of Canadians on the EAP and its branding strategy.

Section III: Supplementary Information

Financial Highlights

Condensed Statement of Financial Position (Unaudited)
As at March 31, 2012
(thousands of dollars)

	Change %	2011–12	2010–11
Total net liabilities	24%	33,188	43,891
Total net financial assets	(14%)	15,977	18,549
Departmental net debt	**32%**	**17,211**	**25,342**
Total non-financial assets	(33%)	6,331	9,444
Departmental net financial position	**32%**	**(10,880)**	**(15,898)**

Condensed Statement of Operations and Departmental Net Financial Position (Unaudited)
For the Year Ended March 31, 2012
(thousands of dollars)

	Change %	2011–12	2010–11 Restated
Total expenses	(4%)	169,112	176,991
Total revenues	100%	(116)	(57)
Net cost from continuing operations	**(4%)**	**168,996**	**176,934**
Transferred expenses	(53%)	2,734	5,824
Net cost of operations before government funding and transfers	**(6%)**	**171,730**	**182,758**
Departmental net financial position	**32%**	**(10,880)**	**(15,898)**

Financial Highlights—Charts and Graphs

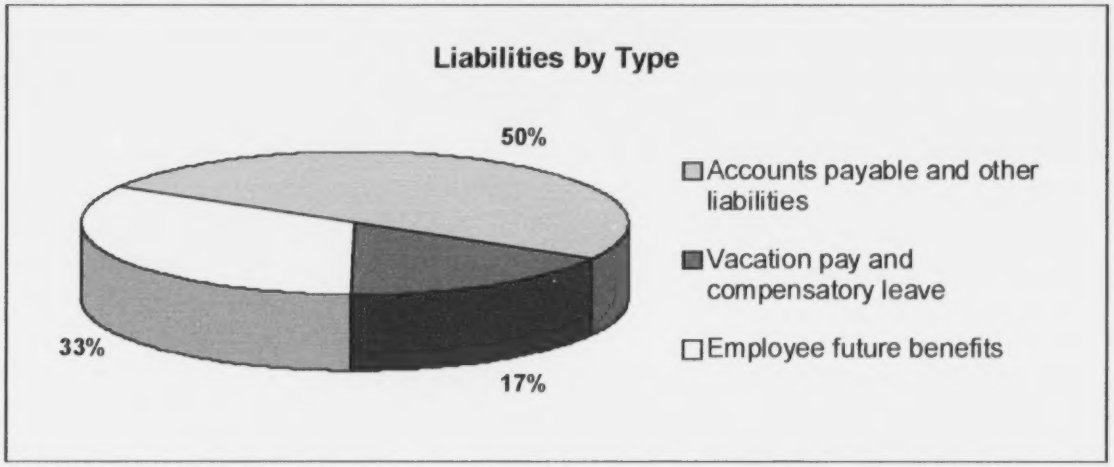
The decrease of $7,938 thousand in the net cost from continuing operations from fiscal year 2010–11 to 2011–12 was mainly due to: a decrease in expenditures in the Prime Minister's Office and the offices of portfolio ministers; decreased expenses for information technology and accommodation projects that were delayed; and funding

decreases for commissions of inquiry, the Afghanistan Task Force, the Panel of Arbiters and the Economic Action Plan.

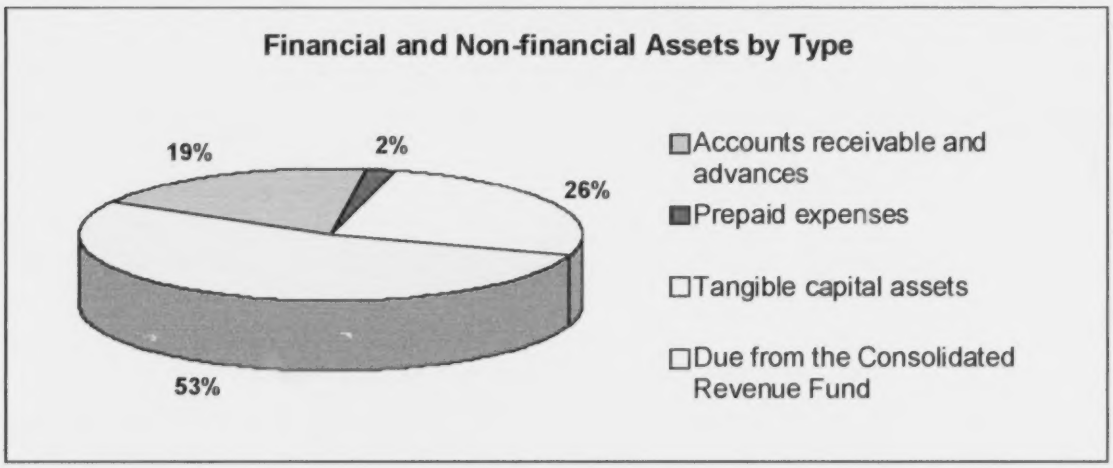
The overall decrease in cost from continuing operations from 2010–11 to 2011–12 was partially offset by an increase in accrued expenses. In *Jobs, Growth and Long-Term Prosperity: Economic Action Plan 2012* (Budget 2012), the Government announced savings measures to be implemented by departments over the next three fiscal years starting in 2012–13. As a result, the department implemented its deficit reduction measures and has recorded at March 31, 2012, an obligation for termination benefits as part of accrued liabilities to reflect the estimated workforce adjustment cost.

Transferred expenses represent PCO's share of expenses related to the transfer of a portion of information technology activities to Shared Services Canada.

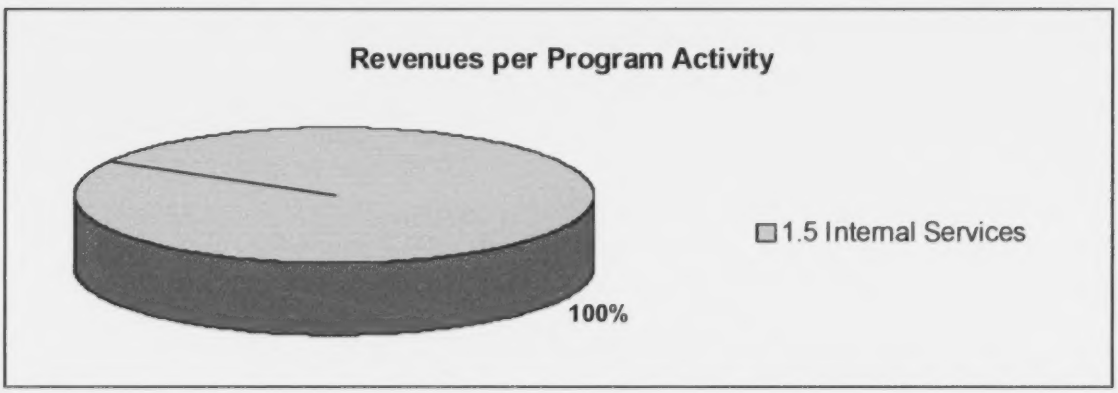
The improvement in the departmental net financial position was due to a decrease in net liabilities, partially offset by a decrease in assets.



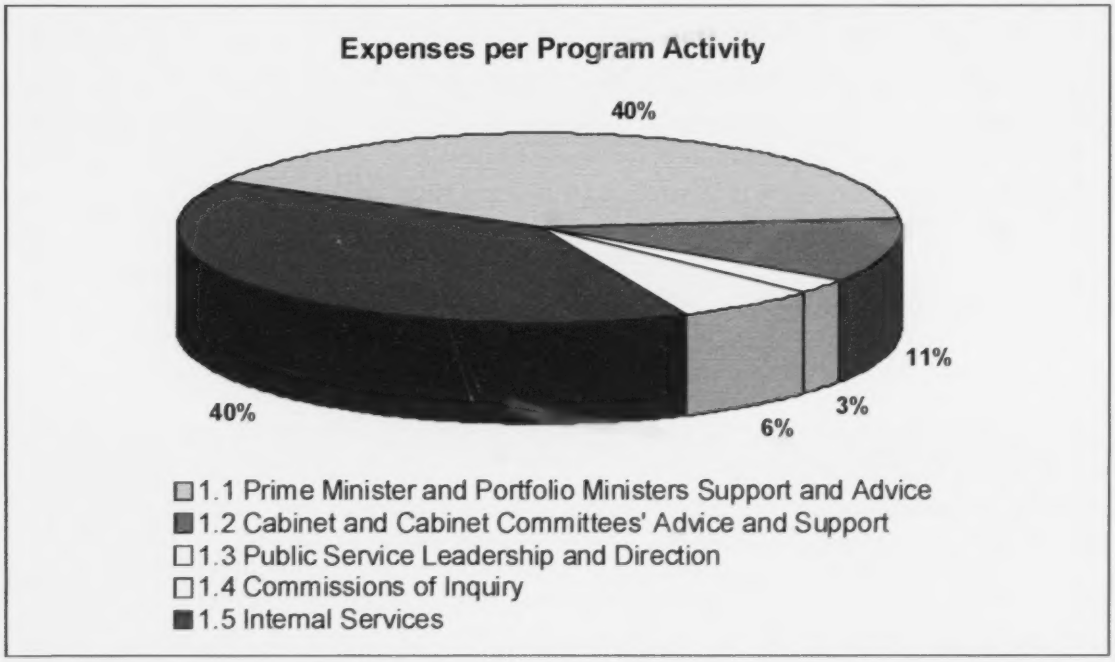
Total net liabilities were $33,188 thousand at the end of fiscal year 2011–12, which represents a decrease of $10,703 thousand (24%) compared to $43,891 thousand in fiscal year 2010–11. The decrease was mainly due to a reduction in employee future benefits payments related to the ratification of specific collective agreements which resulted in several severance pay payments in 2010–11, the transfer of a portion of information technology activities to Shared Services Canada and a general decrease in expenditures.



Total net financial and non-financial assets were $22,308 thousand in 2011–12, a decrease of $5,685 thousand (20%) compared to $27,993 thousand in fiscal year 2010–11. The decrease was mainly due to the transfer of a portion of information technology activities to Shared Services Canada. PCO's most important assets are the Due from the Consolidated Revenue Fund at $11,820 thousand (53%) and the tangible capital assets at $5,830 thousand (26%). Tangible capital assets at PCO mainly comprise information technology-related hardware and software.



Total revenues for PCO were $116 thousand for fiscal year 2011–12. These revenues were reported under Program Activity 1.5 (Internal Services) and include $73 thousand for internal services support provided to the Security Intelligence Review Committee and the Public Appointments Commission Secretariat and $48 thousand for miscellaneous revenues.



Total expenditures for PCO were $169,112 thousand for fiscal year 2011–12 compared to $176,991 thousand for fiscal year 2010–11.

Program Activity (PA) 1.1 represents the core of PCO's mandate, which is to provide advice and support to the Prime Minister and portfolio ministers on the full range of issues and policies. The decrease in the level of expenses from fiscal year 2010–11 to fiscal year 2011–12 for PA 1.1 was mainly due to: lower expenditures in the Prime Minister's Office and the offices of portfolio ministers; a decrease of funding for the Panel of Arbiters created for the review of documents related to the transfer of Afghan detainees by the Canadian Forces; a decrease of funding related to the sunsetting of the Afghanistan Task Force; a decrease of funding for the Economic Action Plan; and a decrease in salary liabilities.

These decreases were partially offset by an increase in accrued expenses due to the recording, as at March 31, 2012, of an obligation for termination benefits. The termination benefits form part of accrued liabilities, and reflect the estimated workforce adjustment cost resulting from the implementation of deficit reduction measures.

PA 1.2 provides policy advice and secretariat support to Cabinet and Cabinet committees. There is no material variance in the level of expenditures in 2011–12 compared to 2010–11, except for a decrease related to the sunsetting of the

Afghanistan Task Force. This decrease was partially offset by an increase in accrued expenses due to the recording, as at March 31, 2012, of an obligation for termination benefits. The termination benefits form part of accrued liabilities, and reflect the estimated workforce adjustment cost resulting from the implementation of deficit reduction measures.

PA 1.3 provides overall leadership and direction to the Public Service in support of the Government's agenda. There is no material variance in the level of expenditures in 2011–12 compared to 2010–11, except for an increase in accrued expenses due to the recording, as at March 31, 2012, of an obligation for termination benefits. The termination benefits form part of accrued liabilities, and reflect the estimated workforce adjustment cost resulting from the implementation of deficit reduction measures.

PA 1.4 includes the costs to operate commissions of inquiry with the related administrative and financial expenses. The decrease in expenditures in 2011–12 was due to the fact that only one commission of inquiry was operational throughout the fiscal year.

For PA 1.5 (Internal Services), there was a decrease in expenditures due to project delays related to information technology and accommodation. Furthermore, there was a decrease in amortization of capital assets, contingent liabilities and prepaid expenditures.

These decreases were partially offset by an increase in accrued expenses due to the recording, as at March 31, 2012, of an obligation for termination benefits. The termination benefits form part of accrued liabilities, and reflect the estimated workforce adjustment cost resulting from the implementation of deficit reduction measures.

Please note that the transfer of responsibility for a portion of PCO's information technology activities to Shared Services Canada (SSC) does not have an impact on PCO's year-to-year total expenditure variance: comparative figures have been restated in the Statement of Operations and Departmental Net Financial Position to present amounts for SSC as a separate item in the Statement of Operations.

With regard to the expenses under Program Activity 1.5, it should be noted that PCO operates in a highly centralized and unique environment where many costs normally assumed by line managers (e.g., all information technology and technical services which include protected and classified networks required as a result of the unique

business environment at PCO, furniture and equipment, supplies, printing and graphics, messenger services, and review of Cabinet Confidence Information in order to protect Cabinet information) are covered by Corporate Services and are not re-allocated to individual program activities.

Financial Statements

PCO's financial statements can be found at www.pco-bcp.gc.ca in the Reports and Publications section.

List of Supplementary Information Tables

Electronic supplementary information tables listed in the 2011–12 Departmental Performance Report can be found on the Privy Council Office website.[7]

- Green Procurement
- Internal Audits and Evaluations
- Response to Parliamentary Committees and External Audits
- Sources of Non-Respendable Revenue
- User Fees Reporting

Section IV: Other Items of Interest

Organizational Contact Information

Privy Council Office
http://www.pco-bcp.gc.ca/index.asp?page=contact&lang=eng

Clerk of the Privy Council
http://www.clerk.gc.ca/eng/contact.asp

Additional Information

Performance Summary Details (Annex I)
http://www.pco-bcp.gc.ca/index.asp?lang=eng&page=information&sub=publications&doc=dpr-rmr/2011-2012/annex1-eng.htm

Summary of Correspondence Activities (Annex II)
http://www.pco-bcp.gc.ca/index.asp?lang=eng&page=information&sub=publications&doc=dpr-rmr/2011-2012/annex2-eng.htm

Annual Reports to the Prime Minister on the Public Service of Canada
http://www.clerk.gc.ca/eng/feature.asp?featureId=19&pageId=77

Commissions of Inquiry
http://www.pco.gc.ca/index.asp?lang=eng&page=information&sub=commissions

Governor-in-Council Appointments
http://www.appointments-nominations.gc.ca

Canada's Engagement in Afghanistan
http://www.afghanistan.gc.ca

Endnotes

[1] **PCO website**: http://www.pco-bcp.gc.ca/index.asp?lang=eng

[2] Type is defined as follows: Ongoing—committed to at least three fiscal years prior to the subject year of the report; Previously committed to—committed to in the first or second fiscal year prior to the subject year of the report; and New—newly committed to in the reporting year of the Departmental Performance Report.

[3] See Public Accounts of Canada 2012, http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html.

[4] "Value-added" is here understood as meaning complete, accurate, relevant and timely.

[5] No Governor-in-Council appointment processes were undertaken or appointments made during or immediately following the election period of March 26, 2011, to May 2, 2011.

[6] This is in addition to the advice and support provided to the Prime Minister and Cabinet previously captured under Programs 1.1 and 1.2.

[7] See 2011-12 Part III-Departmental Performance Reports (DPR): Supplementary Information (Tables), http://www.pco-bcp.gc.ca/index.asp?lang=eng&page=information&sub=publications&doc=dpr-rmr/2011-2012/pco-bcp/index-eng.htm#IIId